

**AUTUMN 2010 ECONOMIC OUTLOOK FOR NORWAY: ANSWERS FROM NHO**
**MAIN FORECAST**

<b>Annual % change</b>	<b>2010</b>	<b>2011</b>
Real GDP growth	1.3	2.3
Consumer price inflation	2.3	1.5
Unemployment rate	3.8	4.0
Employment growth	-0.3	0.8
government net lending (% of GDP)	-9.7	-9.6
gross public debt (% of GDP)	n/a	n/a
current account balance (% of GDP)	14.0	14.0

**Components of aggregate demand - in real terms**

<b>Annual % change</b>		
Private consumption	2.8	3.3
Public consumption	3.0	2.0
Investment (Gross Fixed Capital Formation)	-7.0	2.8
Private non-residential investment	-8.0	0.0
Exports	2.8	-1.5
Imports	5.0	4.0

**ECONOMIC SENTIMENT**

	<b>Positive</b>	<b>Negative</b>	<b>Unchanged</b>			
<b>Trend in business climate over the next 6 months</b>	Industry					
	Services					
<b>Trend in profitability over the next 6 months</b>	Industry					
			Services			
<b>Investment intentions over the next 6 months</b>	<b>Increase (faster pace)</b>	<b>Increase (slower pace)</b>	<b>Unchanged</b>	<b>Decrease (slower pace)</b>	<b>Decrease (faster pace)</b>	
				Industry	Services	
<b>Influence on companies' investment decisions</b>	<b>Global demand</b>	<b>Domestic demand</b>	<b>Cost of finance</b>	<b>Availability of finance</b>	<b>Company Profitability</b>	<b>Capacity Utilisation</b>
	negative	neutral	neutral	neutral	neutral	negative
<b>Driving force behind investment decisions in the next 6 months</b>	<b>Replacement</b>	<b>Extension</b>	<b>Rationalisation</b>	<b>Innovation</b>		
	neutral	negative	positive	negative		
<b>Overall trend in employment</b>	<b>Industry: past 6 months</b>	<b>Industry: next 6 months</b>	<b>Services: past 6 months</b>	<b>Services: next 6 months</b>		
	Down	Up	Down	Up		

**ACCESS TO FINANCE AND IMPACT OF THE CRISIS ON POTENTIAL GROWTH**

<i>Compared to 6 months ago, cost/access to finance has been...</i>	<b>sharply up / restrained</b>	<b>up / more difficult</b>	<b>same</b>	<b>down / easier</b>
<i>for SMEs</i>			Cost	Access
<i>for larger companies (&gt;250 employees)</i>			Cost	Access

<i>Over the next 6 months, cost /access to finance will be...</i>	<b>sharply up / restrained</b>	<b>up / more difficult</b>	<b>same</b>	<b>down / easier</b>
<i>for SMEs</i>			Cost Access	
<i>for larger companies (&gt;250 employees)</i>			Cost Access	

	<b>Measures to improve bank lending capacity</b>	<b>Facilitating access to capital markets (corporate bonds and stock markets)</b>	<b>Improving conditions for equity financing</b>
<b>Measures to alleviate current financial difficulties for SMEs</b>	Moderate effect	Important effect	Important effect



**POLICY MIX**

	<i>Tight, appropriate for the euro area</i>	<i>Tight</i>	<i>Appropriate yes</i>	<i>Loose</i>	<i>Loose, appropriate for the euro area</i>
<i>Monetary policy is...</i>					
<i>Consistency between fiscal and monetary policies</i>	<i>adequate</i> yes	<i>inadequate</i>			
<i>Regarding the sustainability of public finances, government shows ...</i>	<i>excellent commitment</i>	<i>satisfactory commitment</i> yes	<i>neither satisfactory nor unsatisfactory commitment</i>	<i>unsatisfactory commitment</i>	<i>no clear commitment creating an extremely worrying situation</i>
<i>Exit Strategies</i>	<i>excessive focus</i>	<i>sufficient focus</i>	<i>neither satisfactory nor unsufficient focus</i>	<i>unsufficient focus</i>	<i>so far ignored</i>
<i>Tight fiscal rules and more effective institutions</i>			yes		
<i>Greater efficiency of public administrations</i>			yes		
<i>Credible cost-cutting measures</i>					yes
<i>Increased scope of public-private partnerships</i>					yes
<i>Reform of pension systems</i>			yes		
<i>Improved efficiency of healthcare sector</i>				yes	
<i>Entry Strategies</i>	<i>excessive focus</i>	<i>sufficient focus</i>	<i>neither satisfactory nor unsufficient focus</i>	<i>unsufficient focus</i>	<i>so far ignored</i>
<i>More and better-targeted education and training</i>				yes	
<i>More and better targeted R&amp;D and innovation efforts</i>				yes	
<i>Prioritisation of infrastructure investments</i>			yes		
<i>Growth enhancing tax reforms</i>				yes	
<i>In 2015, the government deficit will...</i>	<i>respect the 3% limit</i> yes	<i>be in balance</i> yes			